

Message Text

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ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 AGRE-00 FEA-01 /093 W
-----050049Z 020557 /63

R 040905Z MAR 77

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3104

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY BANGKOK

DEA BANGKOK

AMCONSUL CHIANG MAI

AMEMBASSY KATHMANDU

AMCONSUL MANDALAY

AMEMBASSY NEW DELHI

AMEMBASSY DACCA

AMEMBASSY VIENTIANE

USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 RANGOON 0609

E.O. 11652: GDS

TAGS: PINT, PINS, PFOR, ENRG, BM, KN

SUBJ: JOINT WEEKA #8, FEBRUARY 22-MARCH 4

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1. PARTY CONGRESS CONCLUDES

THE THIRD CONGRESS OF THE BURMA SOCIALIST PROGRAM PARTY

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(BSPP) CONCLUDED ITS NINE-DAY SESSION ON MARCH 1. IT WAS
ORIGINALLY SCHEDULED TO BE CONVENED NEXT OCTOBER, BUT AN
EXTRAORDINARY SESSION LAST OCTOBER OF THE SECOND PARTY CONGRESS
DECREED THAT IT WOULD BE ELECTED AND CONVENED EARLY, IN ORDER
"TO ARREST THE DETERIORATION OF CONDITIONS IN THE POLITICAL,
SOCIAL, AND ECONOMIC FIELDS." FOLLOWING IS A SUMMARY OF THE
PRINCIPAL DECISIONS OF THE CONGRESS AND PRELIMINARY ASSESSMENT.

(WE PLAN TO SUBMIT MORE DETAILED ANALYSES LATER.)

-- BASIC POLICY. AT THE OCTOBER EXTRAORDINARY CONGRESS, PARTY GENERAL SECRETARY GENERAL SAN YU ASKED IF THE COUNTRY'S DETERIORATING ECONOMY AND OTHER PROBLEMS WERE THE RESULT OF INCORRECT BASIC POLICIES OR OF POOR IMPLEMENTATION OF THOSE POLICIES. PRESIDENT NE WIN ALSO SEEMED TO SUGGEST A NEED TO CONSIDER REVISING PARTY PROGRAMS AND PERHAPS EVEN PRINCIPLES. THE ANSWER GIVEN BY THE THIRD CONGRESS (EVIDENTLY THE ANSWER NE WIN AND SAN YU WANTED TO HEAR) WAS CLEAR: THE COUNTRY'S PROBLEMS ARE NOT THE RESULT OF INCORRECT POLICIES AND PRINCIPLES, BUT OF SHORTCOMINGS IN THE PEOPLE CHARGED WITH IMPLEMENTING THEM. THE DOOR TO POSSIBLE FUTURE CHANGES OF BASIC POLICY WAS LEFT SLIGHTLY AJAR BY A REMOVAL OF THE PARTY CONSTITUTIONAL PROHIBITION AGAINST SUCH CHANGE.

-- PERSONNEL CHANGES. THUS IT SEEMED NECESSARY TO FIND SCAPEGOATS, AND THEY WERE DULY FOUND. THE 41 CENTRAL COMMITTEE MEMBERS WHO WERE PURGED INCLUDED, MOST NOTABLY, PRIME MINISTER U SEIN WIN AND DEPUTY PRIME MINISTER AND MINISTER FOR PLANNING AND FINANCE U LWIN, WHO WERE WIDELY CONSIDERED TO BE LEADERS OF A "PRAGMATIST" GROUP WITHIN THE GUB LEADERSHIP PUSHING FOR ECONOMIC REFORM. IT IS HIGHLY PROBABLE THAT THE LOSS OF THEIR CENTRAL COMMITTEE MEMBERSHIP MEANS THEY WILL ALSO LOSE THEIR GOVERNMENT POSITIONS; IN ANY EVENT, THEY HAVE LOST MOST OF THEIR INFLUENCE.

-- ECONOMIC. THE POLITICAL DEMISE OF U SEIN WIN AND U LWIN, HOWEVER, DOES NOT MEAN REPUDIATION OF THE HALTING STEPS TOWARD MORE PRAGMATIC ECONOMICS WHICH HAVE BEEN TAKEN IN RECENT MONTHS. ON THE CONTRARY, THE CONGRESS SEEMED TO REAFFIRM THE DIRECTION OF GUB ECONOMIC POLICY OUTLINED AT THE NOVEMBER CONSULTATIVE CONFIDENTIAL

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GROUP MEETING. FOR EXAMPLE, REMOVAL OF PRICE CONTROLS FOR AGRICULTURAL COMMODITIES WAS ENDORSED; THE INCREASED INVESTMENT AND PRODUCTION TARGETS OF THE FOUR-YEAR AND 20-YEAR ECONOMIC PLANS WERE APPROVED; AND THE POSSIBILITY OF SOME PRIVATE FOREIGN INVESTMENT ("JOINT VENTURES") WAS AFFIRMED, BUT ONLY UNDER VERY CIRCUMSCRIBED CONDITIONS WHICH WOULD NOT "JEOPARDIZE THE SOCIALIST ECONOMIC SYSTEM." THE LATE MARCH SESSION OF THE NATIONAL LEGISLATIVE BODY POSSIBLY WILL CLARIFY THE DEGREE OF REFORM WHICH THE GOVERNMENT WILL PERMIT.

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C O N F I D E N T I A L SECTION 2 OF 2 RANGOON 0609

-- INTERNAL SECURITY. THE CONGRESS SET THE GOAL, BY THE
END OF 1981, TO BUILD UP ALL WHITE (INSURGENT-FREE) AREAS INTO
"HARDCORE" AREAS; TO BUILD GRAY (INSURGENT-INFESTED) AREAS INTO
WHITE AREAS; AND TO BUILD UP BLACK (INSURGENT-CONTROLLED) AREAS
INTO GRAY AREAS.

-- FOREIGN AFFAIRS. BURMA'S PRESENT FOREIGN POLICY WAS
ENDORSED IN GENERAL AND IN DETAIL. INTERESTINGLY, "HEGEMONISM"
WAS LISTED ALONG WITH IMPERIALISM AND OTHER EVILS TO WHICH
BURMA IS OPPOSED. ALTHOUGH NE WIN DENOUNCED HEGEMONISM DURING
HIS 1975 VISIT TO PEKING, THE GUB WAS SILENT ON THE SUBJECT
DURING MME CHOU EN-LAI'S RECENT VISIT. THE INCLUSION OF THIS
P.R.C. CODEWORD FOR SOVIET IMPERIALISM IN THE BSPP'S AUTHORI-
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TATIVE FOREIGN POLICY STATEMENT MUST HAVE BEEN PLEASING TO
CHINESE EARS.

COMMENT: THE CONGRESS FAILED TO PRODUCE SUBSTANTIAL CHANGES,
EXCEPT PERHAPS IN PERSONNEL. ALTHOUGH IT RATIFIED THE CONCEPT
OF SOME MODEST ECONOMIC REFORMS, THE REFORMS CURRENTLY EN-
VISIONED ARE UNLIKELY TO BRING ABOUT MUCH GROWTH, AND MAY NOT DO
MORE THAN SLOW BURMA'S LONG-TERM ECONOMIC DECAY.

(THERE ARE INDICATIONS THAT PRESIDENT NE WIN WAS DISPLEASED
WITH THE CONGRESS, BUT WE DO NOT YET KNOW WHY. SOME OBSERVERS

SPECULATE THAT HE MAY NOT HAVE BEEN IN FULL CONTROL OF ALL ITS DECISIONS.)

MARKET TALK INDICATES CONSIDERABLE POPULAR DISAPPOINTMENT WITH THE CONGRESS, BUT THIS IS UNLIKELY TO HAVE ANY IMMEDIATE POLITICAL IMPACT.

2. TERRORIST GRENADE KILLS TWO (UNCLAS)

TWO PEOPLE WERE KILLED AND 47 INJURED WHEN A TERRORIST GRENADE EXPLODED ON A BUSY CORNER IN DOWNTOWN RANGOON MARCH 2.

COMMENT: THE FIRST TERRORIST INCIDENT IN RANGOON SINCE LAST SUMMER, THE ATTACK WAS APPARENTLY TIMED TO MARK THE END OF THE THIRD PARTY CONGRESS. NO ARRESTS WERE ANNOUNCED IN CONNECTION WITH THE INCIDENT, SO THE IDENTITY OF THE PERPETRATORS IS UNKNOWN.

3. GUB AMBASSADOR ACCREDITED TO DPRK (UNCLAS)

GUB AMBASSADOR TO PEKING U MYINT MAUNG HAS BEEN ACCREDITED TO BE CONCURRENTLY AMBASSADOR TO NORTH KOREA.

4. ESSO LEAVES BURMA (LOU)

THE OPERATIONS OFFICE OF ESSO EXPLORATION AND PRODUCTION BURMA, INC., WAS CLOSED AS OF FEBRUARY 28. ESSO REPRESENTATIVES WILL MAKE VISITS TO BURMA FROM SINGAPORE FOR THE NEXT FEW MONTHS, BUT THIS STEP ESSENTIALLY REPRESENTS THE TERMINATION OF ESSO'S CONTRACT.

MARTABAN-CITIES SERVICE HAS BEEN SUCCESSFULLY NEGOTIATING RELEASE FROM THEIR REMAINING OBLIGATIONS UNDER THEIR CONTRACT, CONFIDENTIAL

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AND EXPECT TO CLOSE THEIR OFFICE HERE IN THE NEAR FUTURE.

COMMENT: ALTHOUGH THE EXPRESSED DISAPPOINTMENT AT ESSO'S LACK OF SUCCESS IN BURMA'S WATERS, THE ESSO MANAGE HAD HIGH PRAISE FOR THE GUB'S MYANMA OIL CORPORATION (MOC). HE SAID MOC'S COOPERATION AND SURPRISING EFFICIENCY, PARTICULARLY IN ASSISTING WITH CLOSING DOWN ARRANGEMENTS, COULD NOT HAVE BEEN BETTER. MOC OFFICIALS, WHILE OBVIOUSLY EVEN MORE DISAPPOINTED THAN ESSO OVER THE FAILURE TO FIND PETROLEUM, EXPRESSED COMPLETE SATISFACTION WITH ESSO'S PERFORMANCE HERE. IN SHORT, THE PARTING WAS VERY AMICABLE AND THE DOOR WAS LEFT OPEN FOR FUTURE VENTURES SHOULD THE COMPANY AND THE GUB FEEL THEY MIGHT BE MUTUALLY BENEFICIAL.

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